

Times Acquiring Family Circle And 6 Other Cowles Properties

By ROBERT E. BEDINGFIELD

The New York Times Company is acquiring a number of properties from Cowles Communications, Inc., it was announced yesterday by Arthur Ochs Sulzberger, president and publisher of The New York Times Company, and Gardner Cowles, chairman of the board of C. C. I.

Included in the purchase are Family Circle, a monthly consumer magazine; three Florida daily newspapers; a Memphis television station, WREC-TV; a publisher of professional magazines and one of high school textbooks.

Cowles Communications will receive 2.6 million shares of New York Times Class A common stock, worth more than \$50-million at the current market price. The properties will be acquired by a wholly owned Times subsidiary, subject to \$15-million of long-term debt, formerly an obligation of Cowles Communications, on which the interest rate will be 6½ per cent.

Revenues for the properties to be acquired for the nine months ended Sept. 30, 1970, were \$36,278,000, and after-tax net income for the same period was approximately \$3-million. These figures are unaudited, are subject to year-end adjustments and do not reflect any charge for interest on the \$15-million debt.

Cowles Communications will continue to own and operate Look magazine, Venture magazine, the Cowles Book Company, television stations WESH in Daytona Beach-Orlando, Fla., and KRNT, Des Moines, Iowa; radio stations WREC in Memphis and KRNT in Des Moines; Xograph, the three-dimensional printing process; Publications Sales subsidiaries, and Creative Marketing Services division.

Subject to Approvals

The transaction is subject to Federal tax rulings and approval by stockholders of both companies. The transfer of the Memphis television station is subject to approval by the Federal Communications Commission.

The terms of the indenture for the 6½ per cent indebtedness, which the subsidiary will assume, calls for principal payments of \$1.5-million annually starting in 1971. Under the purchase agreement, Cowles Communications is free to sell up to 25 per cent of its Times Class A stock during the first year after the closing is effected, and an additional 25 per cent each succeeding year. The privilege is cumulative; the entire holding could be held throughout the first year, and half of it sold in the second, and so on for four years.

Commenting on the purchase, Mr. Sulzberger said:

"The acquisition of these properties will be an important step toward the diversification which The Times has been seeking. The properties are profitable. We have no expectation of changing the managements or their basic policies. We believe all of the properties have a large potential for further growth and profitability. Also, we are pleased that Gardner Cowles has agreed to join the board of directors of The Times. He has had a wealth of experience in newspaper publishing, magazine publishing and in the broadcast field. His judgment and counsel will add strength to The New York Times Company."

Comment by Cowles

Mr. Cowles said:

"I believe the sale of certain of our properties to The Times is clearly in the interest of the Cowles Communications, Inc., stockholders. Our company will be acquiring a 23 per cent interest in The New York Times Company. From that holding we will be receiving substantial dividend income. I believe The New York Times Company has good potential for growth and increased profitability, so our sizable interest should rise in value over the years.

"Furthermore, after completion of the sale, our company will be substantially free of debt and with an exceedingly strong and liquid balance sheet. We will concentrate on developing the full potential of Look magazine and our other remaining properties."

The Times has been paying quarterly dividends of 15 cents a share on its stock.

The Florida newspapers in-

are in the north central area of the state. They are The Lakeland Ledger, with a circulation of 23,000 in a town of 41,146; The Gainesville Sun, also with a 23,000 circulation in a town of 63,818, and The Ocala Star-Banner, with a circulation of nearly 15,000 in a town of 22,091.

Sold in Supermarkets

Family Circle, which is sold mainly in supermarkets, ranked third in circulation among all women's magazines in 1969 and fifth in advertising volume. Current circulation of the magazine exceeds seven million. The price of the magazine was raised from 20 cents to 25 cents with the September issue.

WREC-TV is a Columbia Broadcasting System affiliate in the 28th largest market in the United States, as measured by the number of homes with television sets. It is rated No. 1 of the three Memphis stations in the number of daily viewers. The other Memphis stations are WMC-TV and WHBQ-TV.

The professional magazines to be acquired by The Times are Modern Medicine, with editions in the United States, Britain, Australia, New Zealand and Canada; Geriatrics; Neurology; Dental Survey; Dental Industry News; Dental Laboratory Review, and Nursing Homes.

The publisher of high school textbooks is the Cambridge Book Company of Bronxville, N. Y. The company, which was founded in 1949 by Leo Lipkin, has put out four million textbooks a year in hard covers and in paperback.

As of last Feb. 1, The New York Times Company had outstanding 7,723,827 shares of Class A common stock and 803,100 shares of Class B common stock. Each share of Class

A and Class B stock is entitled to one vote. In voting for directors, however, holders of the Class B stock are entitled to vote for six of nine directors, while holders of the Class A shares are entitled to vote for three.

Will Created Trust

Trustees of the residuary trust created under the will of Adolph S. Ochs were the holders of record on Feb. 1, 1970, of 3,860,900 shares of Class A

outstanding issue, and 523,625 shares of the Class B stock, or 65.20 per cent of the outstanding shares of that issue.

A spokesman for The New York Times said that shareholders would be asked at a special meeting to increase the authorized stock. The company now has authorization only for nine million shares of Class A and one million shares of Class B. It also has authorization for two issues of preferred stock, of which there are 79,330 shares of a 5½ per cent issue outstanding.

Family Circle is published both in the United States and in Britain. In England, where the magazine is known as Family Circle Britain, the publisher is Stanbrook Publications, which is 50 per cent owned by Cowles Communications and 50 per cent by the Thomson organization, publishers of The London Times. Cowles Communications is selling its half interest in the British concern.